companies, financial institutions, regulated investment companies, real estate investment trusts and pension plans and other tax-exempt investors), and does not discuss any aspects of state, local or foreign tax laws.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury regulations promulgated and proposed thereunder, judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service ("IRS") in effect on the date hereof, all of which are subject to change (possibly with retroactive effect). The Debtors have not received an opinion of counsel as to the federal income tax consequences of the Plan and do not intend to seek a ruling from the IRS as to any aspect of the Plan.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR AN INTEREST IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL OR OTHER TAX CONSEQUENCES OF THE PLAN.

B. Tax Consequences to the Debtors

The Debtors have reported for federal income tax purposes a consolidated net operating loss ("NOL") carryforward of approximately $259 million as of December 31, 1996 and expect to report a consolidated NOL for the taxable year ended December 31, 1997 of approximately $__ million. Additional losses may be incurred prior to the Effective Date. The amount of such NOL carryforwards and other losses, and the extent to which they are or will be available to offset income of the Debtors for past and future taxable years, has not been reviewed or approved by the IRS. In addition, the Debtors believe that at December 31, 1996 the tax basis of the Debtors' assets exceeded the value of such assets. As discussed below, certain tax attributes of the Debtors, such as any NOLs and tax basis, will be subject to reduction and limitation as the result of the implementation of the Plan.

1. Cancellation of Debt.

Under the Tax Code, a taxpayer generally must include in gross income the amount of any indebtedness discharged during the taxable year for less than full consideration, except to the extent that payment of the cancelled debt would have given rise to a tax deduction (as, for example, accrued interest not previously deducted). However, income arising from so-called "cancellation of indebtedness" ("COD") that occurs in a case under title 11 of the Code is excluded from gross income, but the taxpayer's tax attributes must be reduced by the amount of the income so excluded. Attributes generally must be reduced in the following order: NOLs, business tax credits, capital loss carryovers, the taxpayer's basis in property and foreign tax credits. COD is the amount by which the indebtedness discharged exceeds any consideration given in exchange therefor. For this purpose, such consideration is equal to the sum of the

amount of cash, fair market value of stock, issue price of debt and fair market value of any other property exchanged for the discharged indebtedness. As a result of the COD income that arises from the discharge of Claims pursuant to the Plan, the Debtors will suffer attribute reduction that will substantially reduce or eliminate NOL carryforwards that otherwise might have been available to the Debtors and may also reduce tax basis in the Debtors' assets.

2. Limitations on NOL Carryforwards and Other Tax Attributes Under Section 382 of the Tax Code.

Following the implementation of the Plan, any carryforwards of consolidated NOLs remaining following attribute reduction, as described above, as well as certain other tax attributes of the Debtors allocable to periods prior to the Effective Date, will be subject to limitations imposed by section 382 of the Tax Code.

Under section 382 of the Tax Code, if a corporation undergoes an "ownership change", the amount of its pre-change losses that may be utilized to offset future taxable income generally will be subject to an annual limitation. Similarly, such limitation generally will apply to losses or deductions that are "built-in" (i.e., economically accrued but unrecognized) as of the Effective Date that are subsequently recognized within the five-year period beginning on the Effective Date. The issuance of stock by Reorganized MobileMedia will constitute an ownership change of the Debtors.

It is anticipated that the amount of the annual limitation generally would be equal to the product of (i) the lesser of the value of the outstanding stock of Reorganized MobileMedia immediately after the ownership change or the value of the Debtors' consolidated gross assets immediately before such change (with certain adjustments) and (ii) the "long-term tax exempt rate" in effect for the month in which the ownership change occurs (5.23% for ownership changes occurring in January 1998). However, the annual limitation generally would be zero if, for the two-year period beginning on the date the ownership change occurs, the Debtors do not either (i) continue their historic business or (ii) use a significant portion of their assets in a new business.

As stated above, section 382 of the Tax Code also operates to limit built-in losses recognized subsequent to the date of the ownership change. If a loss corporation has a net unrealized built-in loss at the time of an ownership change (taking into account assets immediately before the ownership change other than cash, cash items and marketable securities with values that do not substantially differ from their adjusted bases and taking into account all items of "built-in" income and deductions), then any built-in losses recognized during the following five years (up to the amount of the original net built-in loss) generally will be treated as a pre-change loss and similarly will be subject to the annual limitation. For this purpose, built-in losses recognized during the five-year period generally include depreciation and amortization deductions allowable for any period within the five-year period except to the extent such deductions are not attributable to built-in loss existing with respect to an asset as of the Effective Date. In general, a loss corporation's net unrealized built-in-loss will be deemed to be

zero unless it is greater than the lesser of (i) $10 million or (ii) 15% of the fair market value of its assets (with certain adjustments) before the ownership change. The Debtors believe that the tax basis and fair market value of the Debtors' assets as of the date of the ownership change will be such that they will have a net unrealized built-in loss on the ownership change date.

3. Alternative Minimum Tax.

In general, an alternative minimum tax ("AMT") is imposed on a corporation's alternative minimum taxable income at a 20% rate to the extent such tax exceeds the corporation's regular federal income tax. For purposes of computing taxable income for AMT purposes, certain tax deductions and other beneficial allowances are modified or eliminated. In particular, even though a corporation otherwise might be able to offset all of its taxable income for regular tax purposes by available NOL carryforwards, only 90% of a corporation's taxable income for AMT purposes may be offset by available NOL carryforwards (as recomputed for AMT purposes). In addition, if a corporation undergoes an "ownership change" within the meaning of section 382 of the Tax Code, and is in a net unrealized built-in loss position (as determined for AMT purposes) on the date of the ownership change, the corporation's aggregate tax basis in its assets would be reduced for certain AMT purposes to reflect the fair market value of such assets as of the change date.

Any AMT that a corporation pays generally will be allowed as a nonrefundable credit against the excess of its regular federal income tax liability over its AMT liability in future years when the corporation is no longer subject to the AMT

C. Federal Income Tax Consequences to Holders of Claims and Interests

1. Administrative Claims.

Payment in satisfaction of Allowed Administrative Claims may result in income to the holder thereof to the extent that the holder has not already accrued the amount of such claims as income. A holder who reduced the amount of its Claim to an amount less than the amount already included in its income may incur a loss upon satisfaction of such Claim under the Plan to the extent a bad debt deduction (or an addition to a bad debt reserve) was not previously claimed with respect to such reduction.

2. Class 4, Class 5 and Class 6 Claims.

The federal income tax consequences of the Plan to a holder of a Claim in Class 4, 5 or 6 will depend, in part, on whether such holder's Claim constitutes a "security" of the Debtors for federal income tax purposes. The term "security" is not defined in the Tax Code or in the Treasury Regulations issued thereunder and has not been clearly defined by judicial decisions. In general, a debt instrument with a maturity in excess of 10 years is a security for federal income tax purposes and a debt instrument with a maturity of less than 5 years is not a security; there is, however, no clear legal standard determining whether a particular obligation is

a security, and holders should consult their tax advisors as to whether a particular debt instrument or Claim constitutes a security for federal income tax purposes.

(a) *Holders of Claims not Constituting "Securities".* A holder of a Claim in Class 4, 5 or 6 that does not constitute a "security" for federal income tax purposes will recognize ordinary interest income to the extent that the amount received is allocable to unpaid interest that has accrued on or after the beginning of the holder's holding period and was not previously included in income, and will recognize ordinary income to the extent, if any, of the reimbursement for any costs, fees and charges which such a holder previously deducted. Amounts received that are attributable to unpaid interest that was previously included in income will not be recognized. A holder will recognize an ordinary loss to the extent any accrued interest claimed was previously included in its gross income and is not paid in full. In addition, such a holder will recognize gain or loss upon implementation of the Plan equal to the difference between (x) the "amount realized" in respect of the holder's Claim (other than a Claim for unpaid interest accrued on or after the beginning of the holder's holding period or costs, fees or charges which such a holder previously deducted) and (y) such holder's adjusted tax basis in its Claim (not attributable to a Claim for accrued interest). A holder's "amount realized" in respect of such Claim will equal the sum of (i) the fair market value of the stock of the Reorganized Debtors, (ii) the issue price of the debt instruments of the Reorganized Debtors, and (iii) the fair market value of any other property (including Reorganized MobileMedia Rights and Reorganized MobileMedia Warrants), received in exchange for the Claim.

The character of any gain or loss recognized as long-term or short-term capital gain or loss or as ordinary income or loss, and if long-term capital gain or loss, the income tax rate applicable thereto, will be determined by a number of factors, including the tax status of the holder, whether the Claim constitutes a capital asset in the hands of the holder, whether the Claim has been held for more than 12 months or 18 months or was purchased at a discount, and whether and to what extent the holder has previously claimed a bad debt deduction. In this regard, section 582(c) of the Tax Code provides that the sale or exchange of a bond, debenture, note, certificate or other evidence of indebtedness by certain financial institutions will be considered the sale or exchange of a non-capital asset. Accordingly, any gain or loss recognized by such financial institutions as a result of the implementation of the Plan will be ordinary gain or loss, regardless of the nature of their Claims.

A holder's tax basis in any debt instruments of the Reorganized Debtors received will be the issue price of such debt instruments and the tax basis in stock of the Reorganized Debtors and any other property received will be the fair market value of such stock or property. The holding period for stock, debt instruments and other property received in respect of a Claim will begin on the day following their issuance by the Reorganized Debtors.

(b) *Holders of Claims Constituting "Securities".* A holder of a Claim in Class 4, 5 or 6 that constitutes a "security" for federal income tax purposes will recognize ordinary interest income to the extent that the amount received is allocable to unpaid interest that has accrued on or after the beginning of the holder's holding period and was not previously

included in income, and will recognize ordinary income to the extent, if any, of the reimbursement for any costs, fees and charges that such holder previously deducted. Amounts received that are attributable to unpaid interest that was previously included in income will not be recognized. The satisfaction of a Claim that constitutes a "security" for federal income tax purposes will qualify as a "reorganization" under the Tax Code if any part of the consideration received by a holder in exchange for its Claim is either (i) stock, (ii) debt that constitutes a "security" for federal income tax purposes, or (iii) effective March 9, 1998, a right to acquire stock if such right constitutes a "security", under recently promulgated Treasury Regulations, of the corporation that is the obligor under the Notes or 1995 Credit Agreement, as the case may be (the "qualifying stock or securities"). In such case, with one exception, the holder will not recognize loss on the exchange. However, such holder will recognize gain (computed as described in paragraph (a) immediately above), if any, but only to the extent of any consideration other than such qualifying stock or securities received in satisfaction of its Claim. A holder will recognize an ordinary loss to the extent of any accrued interest claimed that was previously included in its gross income with respect to which consideration is not received.

On January 6, 1998, the Treasury Department published in the Federal Register final regulations on the federal income tax treatment of certain rights to acquire stock, such as warrants, received in exchanges qualifying as reorganizations under the Tax Code. These Regulations provide that certain rights to acquire stock will be treated as securities for purposes of the reorganization provisions. The Regulations apply to transactions occurring on or after March 9, 1998.

A holder's aggregate tax basis in the qualifying stock and securities received in satisfaction of its Claim will equal the holder's adjusted tax basis in its Claim (including any claim for accrued interest), decreased by the sum of (i) the fair market value of any property received, other than debt instruments, that are not qualifying stock or securities, (ii) the issue price of any debt instruments received that are not qualifying securities and (iii) the amount of any loss recognized in respect of its Claim for accrued interest previously included in income that is not satisfied, and increased by the amount of any gain or income recognized in respect of its Claim (including interest income and income relating to reimbursement). The law is unclear as to the allocation of this aggregate tax basis among the qualifying stock and the securities received; however, the better view is that such basis will be allocated in proportion to the fair market value of such stock and stock rights and issue price of such debt instruments as of the date of the exchange. A holder's holding period for the qualifying stock and securities received will include the holder's holding period for the Claim, except to the extent that such qualifying stock or securities were issued in respect of a claim for accrued interest or as reimbursement for costs, fees or charges which the holder previously deducted. A holder's holding period for any other stock, debt instruments or other property issued, including stock, debt instruments or property issued in respect of a claim for accrued interest or for reimbursement of previously deducted costs, will begin on the day after the issuance thereof

With respect to a holder of a Claim that constitutes a "security" and has accrued market discount, regulations are expected to be promulgated by the Treasury Department that

will provide that any accrued market discount not treated as ordinary income upon an exchange of the Claim will carry over to the qualifying stock or securities received in exchange therefor. If such regulations are promulgated and applicable to the Plan, any gain recognized by such holder upon a subsequent disposition of the qualifying stock or securities received in exchange for its Claim would be treated as ordinary income to the extent of any accrued market discount with respect to such Claim not previously included income. In general, a debt instrument will have accrued "market discount" if such debt instrument was acquired after its original issuance at a discount to its adjusted issue price.

3. Class 1 and Class 7 Claims.

A holder of an Allowed Claim in Class 1 or Class 7 will recognize ordinary income to the extent that the amount received is allocable to unpaid interest that has accrued on or after the beginning of the holder's holding period and was not previously included in income, and will recognize ordinary income to the extent, if any, of the reimbursement for any costs, fees and charges which such holder previously deducted. Such holder will also recognize an ordinary loss to the extent any accrued interest claimed was previously included in its gross income and is not paid in full. In addition, such a holder will recognize gain or loss equal to the difference between (x) the amount of cash received in respect of its Claim (other than in respect of accrued interest or reimbursement for previously deducted costs) and (y) such holder's adjusted basis in its Claim (other than in respect of accrued interest). Any such gain will be capital gain if a holder held such Claim as a capital asset, except to the extent of accrued market discount that has previously not been included in income (which is treated as ordinary income), and any such loss will be a capital loss, if a holder held such Claim as a capital asset.

4. Common Stock.

As more fully described in Section IV.A.3.(i), a holder of a Class 9 Claim or Interest will not receive or retain any property under the Plan. Such a holder will recognize a loss as of the Effective Date for federal income tax purposes in an amount equal to such holder's adjusted tax basis in the stock. Any such loss generally will be a capital loss if the holder held its Claim as a capital asset on the Effective Date. With respect to holders other than corporate taxpayers, the determination of whether such capital loss would be short-term or long-term, and if long-term, of the applicable rate basket within which capital losses are netted against capital gains, will depend upon the holder's holding period in the common stock at the time of the Effective Date. With respect to taxpayers other than corporate taxpayers, capital losses for a particular tax year are allowed as a deduction for federal income tax purposes to the extent of such taxpayer's capital gains for such tax year, plus $3,000. A noncorporate taxpayer is allowed to carry over excess capital losses for use in succeeding tax years. With respect to corporate taxpayers, capital losses may be deducted only to the extent of capital gains. Corporate taxpayers generally may carry back net capital losses to each of the three years preceding the year in which such capital losses arise; any excess capital losses may be carried forward by a corporate taxpayer to the five years following the tax year in which such capital losses arise.

5. Issue Price of Debt Instruments Issued Under the Plan.

The issue price of the Reorganized MobileMedia Notes issued by Reorganized MobileMedia to holders of Class 4 Claims will depend on whether such debt instruments are treated as "publicly traded" within the meaning of the Treasury Regulations relating to original issue discount. The issue price of a debt instrument that is not publicly traded and that is issued for property that is not publicly traded generally will be its stated principal amount where the debt instrument provides for "adequate stated interest". The issue price of a debt instrument that is publicly traded and issued in exchange for property (other than a debt instrument issued as part of an investment unit with other property, such as warrants or stock) is the fair market value of the debt instrument on the first day the debt instrument is traded. The issue price of a debt instrument that is publicly traded and issued as part of an investment unit in exchange for property is based on the relative fair market value of the debt instrument to the fair market value of all of the elements of the unit.

Under the Treasury Regulations, a debt instrument is generally treated as publicly traded if, at any time during the 60-day period ending 30 days after the date the debt instrument is issued, (i) the debt instrument is listed on a national securities exchange or certain interdealer quotation systems, (ii) it appears on a system of general circulation that provides a reasonable basis to determine fair market value by disseminating either recent price quotations of one or more qualified brokers, dealers or traders, or actual prices of recent sales transactions, or (iii) price quotations for the debt instrument are readily available from dealers, brokers or traders. While the Debtors do not intend to list the Reorganized MobileMedia Notes, it is not possible to predict whether they will be traded in any other manner described above.

6. Original Issue Discount.

The federal income tax treatment of the ownership of, and the payments with respect to, Reorganized MobileMedia Notes issued under the Plan (the "New Debt") may be governed by Treasury regulations concerning original issue discount (the "OID Regulations"). Because of the complexity of the OID Regulations, holders of Class 4 Claims that receive New Debt are urged to consult their own tax advisors concerning the application of the OID Regulations to such debt instruments.

Under the OID Regulations, holders of New Debt that bears OID must include such OID in income under a method that reflects the economic accrual of interest based on a constant yield, the "constant yield method". Thus, such holders may be required to include income prior to the receipt of the cash associated with such income.

Subject to a de minimis exception, the total amount of OID on a debt instrument is equal to the excess of the instrument's "stated redemption price at maturity" over its "issue price". A debt instrument's stated redemption price at maturity is the sum of all payments provided by the debt instrument, other than payments of stated interest at a single fixed rate that

are unconditionally payable at least annually over the entire term of such debt instrument ("qualified stated interest").

The constant yield method is applied to determine the amount of OID includible in income in a taxable year, as follows. First, the "yield to maturity" of the debt instrument is computed. The yield to maturity is the discount rate that, when used in computing the present value of all interest and principal payments to be made under the debt instrument, produces an amount equal to the issue price of the debt instrument. The yield to maturity is constant over the term of the debt instrument and, when expressed as a percentage, must be calculated to at least two decimal places.

Second, the term of the debt instrument is divided into "accrual periods". Accrual periods may be of any length and may vary in length over the term of the debt instrument, provided that each accrual period is no longer than one year and that each scheduled payment of principal or interest occurs either on the final day or the first day of an accrual period.

Third, the amount of OID on the debt instrument is allocated among accrual periods. In general, the OID allocable to an accrual period equals the product of the "adjusted issue price" of the debt instrument at the beginning of the accrual period and the yield to maturity of the debt instrument less the amount of any qualified stated interest allocable to the accrual period. The adjusted issue price of a debt instrument at the beginning of the first accrual period is its issue price. Thereafter, the adjusted issue price of the debt instrument is its issue price, increased by the amount of OID previously includible in the gross income of any holder, and decreased by the amount of any prior payments on the instrument other than a payment of qualified stated interest. For purposes of computing the adjusted issue price of a debt instrument, the amount of OID previously includible in the gross income of any holder is determined without regard to "premium" and "acquisition premium", as those terms are defined below.

Fourth, the "daily portions" of OID are determined by allocating to each day in an accrual period its ratable portion of the OID allocable to the accrual period.

A holder of New Debt that bears OID includes in income in any taxable year the daily portions of OID for each day during the taxable year that such holder holds the New Debt. Under the constant yield method described above, such holders generally are required to include in income increasingly greater amounts of OID in successive accrual periods.

The OID Regulations allow holders to elect to include in gross income, under the constant yield method described above, all amounts that accrue on a debt instrument that are treated as interest for tax purposes (including stated interest, OID, de minimis OID, market discount, de minimis market discount and unstated interest, as adjusted by any acquisition premium or amortizable bond premium). If the election is made to treat all interest as OID, the amount of interest that accrues during an accrual period is generally determined under the constant yield method with the debt instrument subject to the election treated as if (i) the

instrument is issued for the holder's adjusted basis immediately after its acquisition by the holder, (ii) the instrument is issued on the holder's acquisition date, and (iii) none of the interest payments provided for in the instrument are qualified stated interest payments. A holder's basis in a debt instrument subject to the election is adjusted for interest treated as OID under the election. Holders should consult their tax advisors as to the desirability, the mechanics and the collateral consequences of making this election.

7. Premium and Acquisition Premium.

A holder of New Debt will be treated as having acquired the New Debt at a "premium" (or "amortizable bond premium") if the holder's adjusted basis in the New Debt, immediately after the holder's acquisition thereof, exceeds the sum of all amounts payable on the New Debt, other than payments of qualified stated interest. A holder may elect to amortize the premium over the term of the New Debt (where such debt instrument is not callable prior to its maturity date), as a reduction in the amount of the interest payments otherwise includible in income, and the holder will not be required to include in income OID (if any) with respect to any New Debt acquired with amortizable bond premium. If a holder makes this election, the premium would be allocated among all the interest payments on the debt instrument, on the basis of the holder's yield to maturity, with compounding at the close of each accrual period. A holder who elects to amortize premium must reduce the tax basis of the debt instrument by the amount of the premium amortized in any year.

On December 31, 1997, the IRS published in the Federal Register final regulations on the amortization of premium (the "Premium Regulations"). The Premium Regulations describe the constant yield method under which such premium is amortized and provide that the resulting offset to interest income can be taken into account only as a holder takes the corresponding interest income into account under such holder's regular accounting method. In the case of instruments that may be called prior to maturity, the Premium Regulations provide that the premium is calculated by assuming that the issuer in the case of a taxable bond will exercise or not exercise its redemption rights in a manner that maximizes the holder's yield and that the holder will exercise or not exercise its option in a manner that maximizes the holder's yield. The Premium Regulations are effective for debt instruments acquired on or after March 2, 1998. However, if a holder elects to amortize premium for the taxable year containing such effective date, the Premium Regulations would apply to all the holder's debt instruments held on or after the first day of that taxable year.

If a holder acquires New Debt issued with OID at an "acquisition premium", the amount of OID that the holder includes in gross income is reduced to reflect the acquisition premium. A debt instrument is acquired at an acquisition premium if its adjusted basis, immediately after its acquisition, is (i) less than or equal to the sum of all amounts payable on the debt instrument after the date of acquisition other than payments of qualified stated interest and (b) greater than the debt instrument's adjusted issue price. If a debt instrument is acquired at an acquisition premium, the holder reduces the amount of OID otherwise includible in gross income during an accrual period by a fraction. The numerator of this fraction is the excess of the

adjusted basis of the debt instrument after its acquisition by the holder over the adjusted issue price of the debt instrument. The denominator of the fraction is the excess of the sum of all amounts payable on the debt instrument after the acquisition date, other than payments of qualified stated interest, over the instrument's adjusted issue price.

8. Redemption and Conversion of Reorganized MobileMedia Class A and Class B Shares.

A redemption by Reorganized MobileMedia of Reorganized MobileMedia Class A Shares will be a taxable event to the holders whose Reorganized MobileMedia Class A Shares are redeemed. Depending upon the magnitude of the reduction of such holder's interest in Reorganized MobileMedia, such holder may be treated as disposing of the redeemed shares in an exchange pursuant to which it would recognize gain or loss equal to the difference, if any, between the proceeds of the redemption and the holder's adjusted basis in the shares redeemed, or alternatively, such holder may be treated as receiving a distribution with respect to its Reorganized MobileMedia Class A Shares that are not redeemed. In the latter case, the proceeds of the redemption would be treated as a dividend to the extent of the holder's ratable share of earnings and profits of Reorganized MobileMedia, if any; next, applied in reduction of such holder's adjusted basis in its remaining Reorganized MobileMedia Class A Shares; and finally, any excess will be treated as gain from the sale or exchange of such redeemed shares.

A conversion of Reorganized MobileMedia Class A Shares or Reorganized MobileMedia Class B Shares into Reorganized MobileMedia Common Shares will not be a taxable event to the holders whose shares are converted. A holder's basis in the Reorganized MobileMedia Common Shares received upon the conversion will equal such holder's adjusted basis in its Reorganized MobileMedia Class A Shares or Reorganized MobileMedia Class B Shares converted. A holder's holding period in the Reorganized MobileMedia Common Shares that it receives upon the conversion will include the holder's holding period in the MobileMedia Class A Shares or Reorganized MobileMedia Class B Shares converted.

D. Withholding

All distributions to holders of Allowed Claims under the Plan are subject to any applicable withholding. Under federal income tax law, interest, dividends and other reportable payments may, under certain circumstances, be subject to "backup withholding" at a 31% rate. Backup withholding generally applies if the holder (i) fails to furnish its social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN and the payor is so notified by the Internal Revenue Service, (iii) fails properly to report interest or dividends, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax. Rather, any amounts withheld from a payment to a holder under the backup withholding rules are allowed as a refund or a credit against such holder's federal income tax, provided that the required information is furnished to the Internal Revenue Service. Certain persons are exempt from backup withholding, including,

in certain circumstances, corporations and financial institutions. Holders should consult their tax advisors regarding the application of backup withholding to their particular situations, the availability of an exemption therefrom and the procedure for obtaining such an exemption, if available.

VIII. FEASIBILITY OF THE PLAN

Pursuant to section 1129(a)(11) of the Code, among other things, the Bankruptcy Court must determine that confirmation of a plan of reorganization is not likely to be followed by the liquidation or need for further financial reorganization of the Debtors. The Debtors believe the Plan meets this requirement.

The Debtors' projected results of operations, balance sheet and statement of cash flow are attached hereto as Exhibit E and demonstrate the Debtors' ability to service Plan obligations, assuming, for purposes of this analysis, that the Plan becomes effective in _____ 1998. The projections attached hereto as Exhibit E are based on the broad assumptions described therein and below. These assumptions are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Debtors' control. There will generally be a difference between projections of future performance and actual results because certain events and circumstances may not occur as expected. These differences could be material. While the Debtors believe the projections presented in Exhibit E are reasonable prior to the application of Statement of Financial Accounting Standards 121, there can be no assurance that such projections will be realized. Consequently, the projections included therein should not be regarded as a representation by the Debtors or their advisors or any other person that the projected results will be achieved. In considering the projections attached hereto and contained herein, holders of Claims and Interests should be mindful of the inherent risk in developing projections for several years into the future, particularly given the rapidly developing technological field in which the Reorganized Debtors will conduct their business.

The capital expenditures contained in the Debtors' projections are based upon the Debtors' forecast of expenditures for the ongoing purchase of pagers to be leased to customers, as well as for building and maintaining their paging networks, adding to their customer service and MIS capabilities and other miscellaneous items. The Debtors believe the capital expenditures projected are adequate to ensure high quality reliable service to their customers.

Borrowings under the New Credit Agreement and cash from operations after paying capital expenditures will be available to service the Debtors' obligations under the Plan; projected payments on these Plan obligations are set forth in the projected statement of cash flow.

In sum, the Debtors' projection attached hereto as Exhibit E show that the Plan is feasible in that confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors.

IX. ALTERNATIVES TO THE PLAN

If the Plan described in this Disclosure Statement is not confirmed or does not become effective, the Debtors would consider proposing an amended plan of reorganization, possibly reflecting a restructuring based on a merger or business combination, or would be forced to consider a plan of liquidation of the Debtors.

During the Cases, the Debtors conducted an extensive search for a third party purchaser prior to the proposal of the Plan. None of the prospective purchasers made binding offers to purchase the Debtors at a purchase price that would have resulted in recoveries greater than those contained in the Plan.

X. CONDITIONS PRECEDENT TO CONFIRMATION OF THE PLAN UNDER THE CODE

A. The Confirmation Hearing and Objections

In order for the Plan to be consummated, the Bankruptcy Court must confirm the Plan in accordance with section 1129 of the Code. The Bankruptcy Court has scheduled a hearing on confirmation of the Plan (the "Confirmation Hearing") at ____ _.m., on _____, 1998, before the Honorable Peter J. Walsh, United States Bankruptcy Judge, 824 N. Market Street, Wilmington, Delaware. The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of such adjournment by the Bankruptcy Court at such hearing.

Section 1128(b) of the Code provides that any party in interest may object to confirmation of a plan. Pursuant to the Disclosure Statement Approval Order attached hereto as Exhibit B, any objections to confirmation of the Plan must be in writing, must set forth the objecting party's standing to assert such objection and the basis of such objection and must be filed with the Bankruptcy Court and served upon the United States Trustee for the District of Delaware, the Debtors, the Debtors' counsel, counsel for the Committee and counsel for the Pre-Petition Agent and the DIP Agent, together with proof of such service, so as to be received on or before ____ _.m. on _____ __, 1998.

Objections to confirmation are governed by Bankruptcy Rule 9014 and the Disclosure Statement Approval Order. PURSUANT TO ORDER OF THE BANKRUPTCY COURT, UNLESS A WRITTEN OBJECTION TO CONFIRMATION IS DULY AND TIMELY FILED, THE BANKRUPTCY COURT IS NOT REQUIRED TO CONSIDER SUCH OBJECTION.

B. Confirmation Requirements

In order for a plan of reorganization to be confirmed, the Code requires, among other things, that such plan be proposed in good faith, that the proponent of such plan disclose specified information concerning payments made or promised to insiders and that such plan comply with the applicable provisions of chapter 11 of the Code. Section 1129(a) of the Code also imposes requirements that each dissenting member of a class receive at least as much under the plan as it would receive in a chapter 7 liquidation of the debtor, that at least one class of impaired claims has accepted the plan, that confirmation of the plan is not likely to be followed by the need for further financial reorganization and that the plan is "fair and equitable" with respect to each class of claims or interests that is impaired under the plan and fails to accept the Plan by the required majorities. The bankruptcy court will confirm a plan only if it finds that all of the applicable requirements enumerated in section 1129(a) of the Code have been met or, if all of the requirements of section 1129(a) other than the requirements of section 1129(a)(8) have been met, that all of the applicable requirements enumerated in section 1129(b) of the Code have been met.

Section 1129(a) provides that:

1. The plan must comply with the applicable provisions of the Code.

2. The proponent of the plan must comply with the applicable provisions of the Code.

3. The plan must be proposed in good faith and not by any means forbidden by law.

4. Any payment made or to be made by the proponent, by the debtor or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in or in connection with the case, or in connection with the plan and incident to the case, must have been approved by, or be subject to the approval of, the court as reasonable.

5. The proponent of the plan must disclose the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor or a successor to the debtor under the plan; and

(a) the appointment to, or continuance in, such office of such individual must be consistent with the interests of creditors and equity security holders and with public policy; and

(b) the proponent of the plan must disclose the identity of any insider that will be employed or retained by the reorganized debtor, and the nature of any compensation for such insider.

6. Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor must have approved any rate change provided for in the plan, or such rate change must be expressly conditioned on such approval.

7. With respect to each impaired class of claims or interests

(a) each holder of a claim or interest of such class

(i) must have accepted the plan; or

(ii) must receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor were liquidated under chapter 7 of the Code on such date; or

(b) if section 1111(b)(2) of the Code applies to the claims of such class, each holder of a claim of such class must receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claim.

8. With respect to each class of claims or interests

(a) such class must have accepted the plan; or

(b) such class must not be impaired under the plan.

9. Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan must provide that

(a) with respect to a claim of a kind specified in section 507(a)(1) or 507(a)(2) of the Code, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;

(b) with respect to a class of claims of a kind specified in section 507(a)(3), 507(a)(4), 507(a)(5), 507(a)(6) and 507(a)(7) of the Code, each holder of a claim of such class will receive

(i) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim; and

(c) with respect to a claim of a kind specified in section 507(a)(8) of the Code, the holder of such claim must receive on account of such claim deferred cash payments, over a period not exceeding six years after the date of assessment of such claim, of a value, as of the effective date of the plan, equal to the allowed amount of such claim.

10. If a class of claims is impaired under the plan, at least one class of claims that is impaired under the plan must have accepted the plan, determined without including any acceptance of the plan by any insider.

11. Confirmation of the plan must not be likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

12. All fees payable under section 1930 of title 28, as determined by the court at the hearing on confirmation of the plan, must have been paid or the plan must provide for the payment of all such fees on the effective date of the plan.

13. The plan must provide for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of the Code, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114 of the Code, at any time prior to confirmation of the plan, for the duration of the period the debtor has obligated itself to provide such benefits.

Section 5.3 of the Plan provides that because Classes 8, 9 and 10 are deemed to have rejected the Plan, as to such Classes, and any other Class that votes to reject the Plan, the Debtors will seek to have the Plan confirmed in accordance with section 1129(b) of the Code either under the terms provided in the Plan or as such terms may be modified in accordance with section 1127(d) of the Code.

THE DEBTORS BELIEVE THAT THE PLAN SATISFIES OR WILL SATISFY, AS OF THE CONFIRMATION DATE, ALL OF THE REQUIREMENTS FOR CONFIRMATION.

C. Satisfaction of Conditions Precedent to Confirmation Under the Code

1. Best Interests Test.

Section 1129(a)(7) of the Code requires, with respect to each impaired class, that each holder of an allowed claim or interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of such plan, that is not less than the amount that such person would receive or retain if the debtor were liquidated under chapter 7 of the Code on the effective date. This is the so-called "best interests test". This test considers, hypothetically, the fair salable value of a debtor's assets through liquidation in a chapter 7 bankruptcy proceeding and the costs that would be incurred and the additional liabilities that would arise in such proceeding. The hypothetical chapter 7 return to creditors is then calculated, giving effect to secured claims, distribution priorities established by the Code that apply in a chapter 7 proceeding and subordination agreements.

The first step in meeting this test is to determine the dollar amount that would be generated from the liquidation of the Debtors' assets and properties in the context of a chapter 7 liquidation case. The total cash available would be the sum of the proceeds (net of transaction costs) from the disposition of the Debtors' assets and the cash held by the Debtors at the time of the commencement of the chapter 7 case. The next step would be to reduce that total by the amount of any claims secured by such assets, the costs and expenses of the liquidation and such additional administrative expenses and priority claims that may result from the termination of the Debtors' business and the use of chapter 7 for the purposes of liquidation. Next, any remaining cash would be allocated to creditors and shareholders in strict priority in accordance with section 726 of the Code. Finally, the present value of such allocations (taking into account the time necessary to accomplish the liquidation) would be compared to the value of the property that is proposed to be distributed under the Plan on the Effective Date.

The Debtors' costs of liquidation under chapter 7 would include the fees payable to a trustee in bankruptcy, as well as those that might be payable to attorneys and other professionals that such a trustee might engage, plus any unpaid expenses incurred by the Debtors during their chapter 11 cases and allowed in the chapter 7 case. These expenses could include compensation for attorneys, financial advisors, appraisers, accountants and other professionals, and costs and expenses of members of the statutory committee of unsecured creditors appointed by the United States Trustee pursuant to section 1102 of the Code and any other committee so appointed. In addition, claims would arise by reason of the breach or rejection of obligations incurred and executory contracts entered into by the Debtors both prior to, and during the pendency of, the chapter 11 cases.

The foregoing types of claims, costs, expenses and fees and such other claims that may arise in a liquidation case or result from the pending chapter 11 cases would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay pre-chapter 11 priority and unsecured claims.

The Debtors conducted an extensive search for a third party purchaser prior to the proposal of the Plan. None of these prospective purchasers came forward with a purchase price that would have resulted in recoveries greater than those contained in the Plan. The bids received by the Debtors -- which presumably were based on sophisticated parties' assessments of the value of these companies -- are themselves evidence that the Plan is in the best interests of the Debtors' creditors.

Moreover, the Debtors believe that the bids received reflect the highest possible liquidation value of the Debtors, inasmuch as they reflect what third parties -- in a tested market -- have indicated that they would be willing to pay to purchase the Debtors' business as a "going concern". However, as stated above, there can be no assurance that the Debtors' business could be sold as a "going concern" in a chapter 7 liquidation.

The following liquidation analysis has been prepared to indicate the net present value that would be allocated to creditors and shareholders (the "Liquidation Value") in strict priority in accordance with section 726 of the Code.

[TO COME]

After consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in these chapter 11 cases, including (i) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee, (ii) the erosion in value of the Debtors' assets in a chapter 7 case in the context of the expeditious liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail, (iii) the adverse effects on the salability of the Debtors as a result of the departure of key employees and the loss of major customers and suppliers, (iv) substantial increases in claims that would be satisfied on a priority basis or on a parity with creditors in the chapter 11 cases, and (v) the substantial time that would elapse before regulatory and other hurdles could be cleared and, therefore, before which creditors would receive any distribution in respect of their claims, the Debtors have determined that confirmation of the Plan will provide each creditor and equity holder with a recovery that is not less than it would receive pursuant to a liquidation of the Debtors under chapter 7 of the Code.

2. Acceptance by Impaired Classes.

By this Disclosure Statement, the Debtors are seeking the affirmative vote of each impaired Class of Claims under the Plan that is proposed to receive a distribution under the Plan. Pursuant to section 1126(f) of the Code, a class that is not "impaired" under a plan will be conclusively presumed to have accepted such plan; solicitation of acceptances with respect to any such class is not required. Pursuant to section 1126(g) of the Code, a class of claims or interests that does not receive or retain any property under a plan of reorganization is deemed not to have accepted the plan, although members of that class are permitted to consent, or waive objections, to its confirmation.

Pursuant to section 1124 of the Code, a class is "impaired" unless the plan (a) leaves unaltered the legal, equitable and contractual rights to which the claim or interest entitles the holder thereof, or (b) (i) cures any default (other than defaults resulting from the breach of an insolvency or financial condition provision), (ii) reinstates the maturity of such claim or interest, (iii) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on any contractual provision or applicable law entitling such holder to demand or receive accelerated payments after the occurrence of a default, and (iv) does not otherwise alter the legal, equitable or contractual rights to which the holder of such claim or interest is entitled.

Pursuant to section 1126(c) of the Code, a class of impaired claims has accepted a plan of reorganization when such plan has been accepted by creditors (other than an entity designated under section 1126(e) of the Code) that hold at least two-thirds in dollar amount and more than one-half in number of the allowed claims of such class held by creditors (other than any entity designated under section 1126(e) of the Code) that have actually voted to accept or reject the plan. A class of interests has accepted a plan if the plan has been accepted by holders of interests (other than any entity designated under section 1126(e) of the Code) that hold at least two-thirds in amount of the allowed interests of such class held by interest holders (other than any entity designated under section 1126(e) of the Code) that have actually voted to accept or reject the plan. Section 1126(e) of the Code allows the Bankruptcy Court to designate the votes of any party that did not vote in good faith or whose vote was not solicited or procured in good faith or in accordance with the Code. Holders of claims or interests who fail to vote are not counted as either accepting or rejecting the plan.

3. Confirmation Without Acceptance by All Impaired Classes.

Because Classes 8, 9 and 10 are deemed not to have accepted the Plan, the Debtors are seeking confirmation of the Plan as to such Classes, and as to any other Class that votes to reject the Plan, pursuant to section 1129(b) of the Code. Section 1129(b) of the Code provides that the Bankruptcy Court may still confirm a plan at the request of the debtor if, as to each impaired class that has not accepted the plan, the plan "does not discriminate unfairly" and is "fair and equitable".

Section 1129(b)(2)(A) of the Code provides that with respect to a non-accepting class of impaired secured claims, "fair and equitable" includes the requirement that the plan provides (a) that each holder of a claim in such class (i) retains the liens securing its claim to the extent of the allowed amount of such claim and (ii) receives deferred cash payments at least equal to the allowed amount of its claim with a present value as of the effective date of such plan at least equal to the value of such creditor's interest in the debtor's interest in the property securing the creditor's claim, (b) for the sale, subject to section 363(k) of the Code, of the property securing the creditor's claim, free and clear of the creditor's liens, with those liens attaching to the proceeds of the sale, and such liens on the proceeds will be treated in accordance with clauses (a) or (c) hereof, or (c) for the realization by the creditor of the "indubitable equivalent" of its claim.

Section 1129(b)(2)(B) of the Code provides that with respect to a non-accepting class of impaired unsecured claims, "fair and equitable" includes the requirement that (a) the plan provide that each holder of a claim in such class receives or retains property of a value as of the effective date equal to the allowed amount of its claim, or (b) the holders of claims or interests in classes that are junior to the claims of the dissenting class will not receive or retain any property under the plan on account of such junior claim or interest.

Section 1129(b)(2)(C) of the Code provides that with respect to a non-accepting class of impaired equity interests, "fair and equitable" includes the requirement that (a) the plan provides that each holder of an impaired interest in such class receives or retains property of a value as of the effective date equal to the greatest of (i) the allowed amount of any fixed liquidation preference to which such holder is entitled, (ii) any fixed redemption price to which such holder is entitled, and (iii) the value of such interest, or (b) the holders of all interests that are junior to the interests of the dissenting class will not receive or retain any property under the plan on account of such junior interest.

The Debtors believe that the Plan does not discriminate unfairly against, and is fair and equitable as to, each impaired, non-accepting Class under the Plan.

D. Voting Instructions

As noted previously, the Plan divides Claims (excluding administrative expenses and priority tax claims) and Interests into ten Classes and sets forth the treatment afforded each Class. Claimants in Classes 1, 2 and 3 are not impaired under the Plan. Accordingly, holders of Claims in such Classes are conclusively presumed to have accepted the Plan and are not offered the opportunity to vote. Because claimants in Classes 4, 5, 6 and 7 are impaired and are proposed to be receiving distributions under the Plan, the holders of Claims in such Classes ("Voting Claims") are entitled to vote on the Plan. The holders of the Claims and Interests in Classes 8, 9 and 10 are impaired but are not receiving or retaining any property under the Plan and are therefore conclusively presumed not to have accepted the Plan and are not offered the opportunity to vote.

If you hold a Voting Claim, your vote on the Plan is important. If you hold such a Voting Claim, a Ballot to be used for voting to accept or reject the Plan is enclosed with this Disclosure Statement. Completed Ballots should either be returned in the enclosed envelope or sent, by hand delivery, first class mail postage prepaid or recognized overnight courier, to:

Bankruptcy Services, Inc.
70 E. 55th Street, 6th Floor
New York, New York 10022-3222
Attn: Kathy Gerber

Facsimile transmission of Ballots will not be accepted.

To the extent that any of the Debtors' securities are held in the name of an entity (the "nominal holder") other than that of the beneficial holder of such security, and to the extent that such beneficial security holder is entitled to vote on the Plan pursuant to section 1126 of the Code, the Debtors will provide for reimbursement, as an administrative expense, of all the reasonable expenses of the nominal holder in distributing the Plan, Disclosure Statement, Ballots and other Plan materials to said beneficial security holder. Nominal holders will either forward the original ballots or prepare master ballots in accordance with the terms of the Disclosure Statement Approval Order attached hereto as Exhibit B.

In the event that any Claim is disputed as of the Plan voting period, then, pursuant to Bankruptcy Rule 3018(a), the holder of such disputed claim may petition the Bankruptcy Court, after notice and hearing, to allow the Claim temporarily for voting purposes in an amount that the Bankruptcy Court deems proper.

BALLOTS OF CLAIM HOLDERS IN CLASSES 4, 5, 6 AND 7 MUST BE ACTUALLY RECEIVED BY BANKRUPTCY SERVICES, INC. ON OR BEFORE ____ _.M., NEW YORK CITY TIME, ON _____ __, 1998. ANY BALLOTS RECEIVED AFTER SUCH TIME WILL NOT BE COUNTED. ANY BALLOT EXECUTED BY A PERSON NOT AUTHORIZED TO SIGN SUCH BALLOT WILL NOT BE COUNTED.

BY ENCLOSING A BALLOT, THE DEBTORS ARE NOT REPRESENTING THAT YOU ARE ENTITLED TO VOTE ON THE PLAN. BY INCLUDING A CLAIM AMOUNT ON THE BALLOT, THE DEBTORS ARE NEITHER ACKNOWLEDGING THAT YOU HAVE AN ALLOWED CLAIM IN THAT AMOUNT NOR WAIVING ANY RIGHTS THEY MAY HAVE TO OBJECT TO YOUR VOTE OR CLAIM.

IF YOU HAVE ANY QUESTIONS REGARDING THE PROCEDURES FOR VOTING ON THE PLAN, CONTACT BANKRUPTCY SERVICES, INC., 70 E. 55TH STREET, 6TH FLOOR, NEW YORK, NEW YORK, 10022-3222, (212) 376-8494 ATTN: DIANE M. ROCANO

XI. OTHER MATTERS

A. Voidable Transfer Analysis

1. Fraudulent Transfers.

Generally speaking, fraudulent transfer law is designed to avoid two types of transactions: (a) conveyances that constitute "actual fraud" upon creditors; and (b) conveyances that constitute "constructive fraud" upon creditors. In the bankruptcy context, fraudulent transfer liability arises under sections 548 and 544 of the Code. Section 548 permits a bankruptcy trustee or debtor-in-possession to "reach back" for a period of one year and avoid fraudulent transfers made by the Debtors or fraudulent obligations incurred by the Debtors. Section 544 permits a

trustee or debtor-in-possession to apply applicable state fraudulent transfer law. Assuming that New Jersey state law were to apply, a bankruptcy trustee or debtor-in-possession could challenge conveyances, transfers or obligations made or incurred by the Debtors within the past four years or one year, depending on the type of transfer. However, under section 544 of the Code, it is necessary to establish that, at the time of the challenged conveyance or obligation, there in fact existed a creditor whose claim remained unpaid as of the Petition Date.

The Debtors are not aware of any transfer during the applicable limitation period that might reasonably be characterized as a fraudulent conveyance, assuming the Debtors were insolvent at such time.

2. Preferences.

Under federal bankruptcy law, a trustee in bankruptcy may avoid transfers of assets of the debtor as a "preferential transfer". To constitute a preferential transfer, the transfer must be (a) of the debtor's property, (b) to or for the benefit of a creditor, (c) for or on account of an antecedent debt, (d) made while the debtor was insolvent, (e) made within 90 days before the filing of a bankruptcy petition or made within one year if to or for the benefit of an "insider" and (f) a transfer that enables the creditor to receive more than it would receive under a chapter 7 liquidation of the debtor's assets. The Code creates a rebuttable presumption that a debtor was insolvent during the 90 days immediately prior to the filing of the bankruptcy petition.

Within the 90-day period immediately preceding the Petition Date, substantial payments were made by the Debtors for the following categories of expenses:

(a) outside services (legal, accounting, financial advisors and consulting);

(b) local, state and federal taxes (including property, sales, gross receipts and employee withholding);

(c) severance and other employee-related payments; and

(d) trade vendor and related, miscellaneous obligations.

The Debtors have not conducted a full analysis of the payments described above to determine the propriety of such payments or their susceptibility to avoidance as preferences. A complete analysis would include a review of the amount of payment, the nature of goods or services or other obligations that gave rise to the payment in each of the above-described categories of payments and the availability of the various statutory defenses to preference liability to the recipients of such payments. In the Debtors' opinion, while the aggregate amount of such payments is not insignificant, most of such payments were appropriately paid in the ordinary course of operations, and the recapture of any individual amount would not materially change the proposed recovery to the Debtors' creditors pursuant to the Plan.

B. Certain Effective Date Bonuses

As noted above, the Debtors compensate many of their professionals and the professionals of the Committee on an hourly or monthly basis. The compensation package approved by the Bankruptcy Court for Blackstone, the Debtors' financial advisors, also provides for a significant lump-sum payment to be made to Blackstone on the Effective Date. This Effective Date payment ranges from 0.3% to 0.7% of the Debtors' reorganization value, with the percentage payment increasing as reorganization value increases. The compensation package approved by the Bankruptcy Court for Houlihan Lokey Howard & Zukin ("Houlihan"), financial advisors to the Committee, provides that on the date that distributions are received by unsecured creditors, Houlihan may receive a lump-sum deferred compensation payment. This deferred payment will only be paid if the distribution to unsecured creditors exceeds approximately $84 million, and is based on the amount by which the distribution to unsecured creditors under the Plan exceeds a number that is approximately $84 million.

Moreover, on June 4, 1997, the Bankruptcy Court approved the establishment of an Effective Date Incentive Program. This program is intended to create incentives for and to reward various members of the Debtors' management for the unique and extraordinary demands placed on them and the contributions they have made to the resolution of the Debtors' restructuring and bankruptcy efforts. The Debtors believe that under the circumstances, the payments to be made under the Effective Date Incentive Program are fair and reasonable. At reorganization values up to $1 billion, the Board of Directors has authority to pay up to $2.8 million to the Debtors' officers, to be distributed in accordance with the Effective Date Incentive Program. In addition, at reorganization values up to $1 billion, Ronald Grawert, the Debtors' Chief Executive Officer, will be entitled to a payment under the Effective Date Incentive Program of $1.5 million. Finally, at reorganization values up to $1 billion, Alvarez & Marsal, Inc. will be entitled, subject to final approval by the Bankruptcy Court, to an Effective Date Incentive Program payment equal to .2% of reorganization value.

XII. RECOMMENDATION

The Debtors believe that confirmation of the Plan is preferable to the available alternatives because it provides a greater and more timely distribution to Creditors than would otherwise result. In addition, any alternative to confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in potentially smaller distributions to the holders of Claims in the Cases. The Pre-Petition Agent and the Steering Committee for the Pre-Petition Lenders support the Plan, will vote to accept the Plan in the form filed with the Bankruptcy Court on January 27, 1998 and will recommend to the remaining Pre-Petition Lenders that they vote to accept the Plan.

XIII. CONCLUSION

The Debtors urge all holders of Claims that are or may be impaired under the Plan to vote to accept the Plan and to evidence such acceptance by returning their Ballots so that they will be timely received.

Respectfully submitted this 2nd day of February, 1998.

MOBILEMEDIA COMMUNICATIONS, INC., ET AL.,
Debtors and Debtors-in-Possession

By: ______________________
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